



First in Connecticut. First for its citizens.

March 11, 2008

Senator LeBeau, Representative Berger
Members of the Commerce Committee

Re: Raised Bill 5777 AN ACT CONCERNING FUNDING FOR LOCAL GROWTH AND DEVELOPMENT

Dear Chairpersons and Members of the Commerce Committee

It is my pleasure to present this testimony concerning Raised Bill No. 5777.

Connecticut cities and towns rely heavily on property taxes to fund day to day operations. In Windsor, 80% of our revenues come from property tax. The tax burden on homeowners and small businesses continues to increase under the current taxing structure. As you and your colleagues continue to debate the restructuring of the property tax system, please be mindful of the importance of providing cities and towns with the ability to diversify local revenue sources. This is an important element of overall property tax reform

States across the nation realized years ago the necessity of a diversified local revenue stream and many of them have granted "so called" local option taxes. For example, since 1985 local communities in neighboring Massachusetts have been able to levy up to a 4% hotel - motel excise charge. Certain cities also have the ability to charge an additional 2.75% to fund convention center activities.

The time has come for Connecticut to adopt enabling legislation to allow local option taxes like a hotel - motel bed tax as well.

In Windsor, there are currently over 725 hotel rooms with an additional 130 set to come on line in 2008. This legislation has the potential to generate several hundreds of thousands of dollars per year in Windsor. These funds would be able to offset current tax-supported operations such as economic and tourism development and public transportation.

There are a number of proposals, such as HB 5674, submitted this session regarding use of revenue from the hotel - motel tax. I would suggest the possibility of combining these proposals to allow a "local option bed tax", but not to cannibalize the existing revenue stream for other State or regional programs.